

**Statement
by
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Senator Grassley, Congressman Fawell and Members of the Committee:

Thank you for inviting me to testify at today's hearing. Preparing for retirement is a vital issue for people of my generation and our children. Women are especially affected by this issue as we earn lower wages and often take time out of our careers to be the care givers for our children and our families.

Let me tell you more about myself. I am 54 years old, married, and work outside the home for an organization which focuses on assisting low-income individuals, minorities and women on how to start their own businesses. I have been employed at the Institute for Social and Economic Development for 8 years. My work history includes having my own business, a janitorial service, for 17 years, as well as working in the office for IDS Financial Services and the bookkeeping department of Dean Witter and Company. I have had three years out of the workforce for child care. I was a single mother for 17 of those working years.

I do have the benefit of a cafeteria plan offered by my employer. I receive a 12% cafeteria plan with TIAA-CREF and my employer contributes 3% in addition to that. However, my health insurance must come out of the contribution first so that leaves a considerably lesser amount for either annuities or stock funds. It actually leaves only about one-half of the allocation for investing. I would prefer that the health insurance be individualized, rather than part of the benefits of the job. If that were the case, I could tailor the plan to my needs and choose how much I want to spend on health care and how much I would spend on other benefits, such as retirement savings. It has been difficult to be able to buy and fix up a house and still put away money in an IRA.

When I attended a Business and Professional Women's/USA Policies in Action Conference this past February here in Washington, D. C., the main focus was on retirement and economic equity. This began a re-evaluation of my own circumstances and a concern about how all of the potential changes to Social Security might be affecting me. I learned that many women are concentrated in low-wage, service and small firm jobs, as well as self-employed, where pension plans are infrequent. More than 50% of the men and 60% of the women in our country do not even have pension plans. I felt very fortunate to have a pension plan; I felt I was doing a fairly good job of putting away money for retirement.

Then this spring, I attended a seminar in Des Moines on evaluating your own personal retirement "gap" that was offered through Senator Grassley at Drake University in Des Moines. The results seemed too challenging to face to even complete the survey. I could project, without finalizing all of the graphs that the financial advisor was showing us, that I had a tremendous gap between what I was saving and what I will need to maintain a reasonable standard of living in retirement.

Our situation is that while I have a plan with my employer which allows me to save some money for retirement, my husband, who is a self-employed farmer, has no pension plan. He is very reliant on Social Security and any money he can save on his own. With low corn and bean prices, high health care insurance premiums and no employer-provided benefit plan this has been very hard to do.

When we sat down to look at how prepared we were for retirement, we could see a large gap between where we will be and where we need to be. We see that we are not prepared. We saw some ways that we could start to be more frugal; some ways to re-arrange debt to extend the payments, so that more money

could be set aside for retirement. It is still not resolved; we did not see a solution.

I can look at the example of my 87-year-old mother who is very dependent on Social Security, and I am concerned about my being that dependent on those benefits. Her pension plan along with the small spousal benefits of my deceased father's pension plan are so small that her main income is Social Security. She worked until she was 74 years old, to earn enough benefits to retire. I am grateful that she can stay in her home. My son, Jordan, who lives with her, helps to make that possible. We are all grateful that she is well enough to stay in her home. I fear Social Security would not be enough to cover expenses if she were unable to stay home.

Some of the barriers I have faced in accumulating retirement income include a lack of income, and other demands on my income, such as buying and renovating an older house. I also find that it is hard to filter all of the information available. I am the treasurer of an investment club, where I invest \$25 a month, but I still feel that I need additional information to make wise decisions; or maybe I just need more money to invest.

I think Congress and the President need to work on increasing how much money people can put away tax free, especially the self-employed. I would like to see more educational programs to help people plan for retirement; to stress economic education in schools and teach about investing and the stock market in the curriculum at all grade levels. We need to find ways to assist self-employed individuals in accumulating retirement dollars. We need to continue to work to create pay equity for women.

I would like to see the Congress and the President explore ways in which the portability of pension benefits would help workers avoid losing benefits when they switch jobs. Allowing more workers to contribute to their pensions from their first day at a new job would also help workers provide for their futures. I would like to see Congress and the President explore ways that pensions might be individualized and not tied to a workplace.

It is important that we, as individuals, be responsible for ourselves. If I could tell workers something about retirement planning, it would be to start investing in stocks and annuities on a consistent basis. We need to keep Social Security as a supplemental source of retirement income, but we need to have some kind of individual account that we put aside for ourselves as a main source of retirement income. Thank you.